



NINTH DISTRICT CONDITIONS

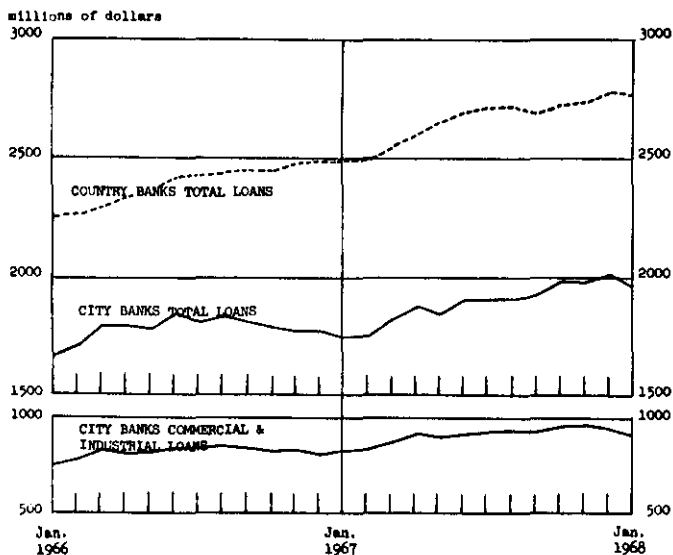
MONTHLY STATISTICAL REPORT OF THE FEDERAL RESERVE BANK OF MINNEAPOLIS

IMPROVED LIQUIDITY BRINGS SHARP INVESTMENT EXPANSION,
LIVESTOCK ON FEED AND CATTLE MARKETINGS INCREASE

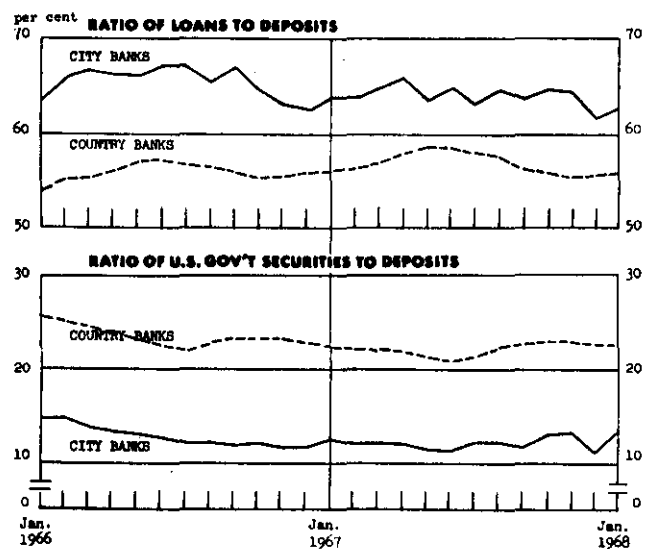
Total credit (loans plus investments) at all Ninth district banks expanded at an unusually rapid pace during January following a relatively strong advance in December. The January growth, on a seasonally adjusted basis, was on the order of 20 percent (annual rate) - about double the December rate. The faster growth occurred entirely at large city banks and represented primarily an expansion of investments rather than loans. Following a pattern generally observed among larger banks across the nation, district city banks reported an unusually weak performance in the total loan category during the month. As a result, despite a weak deposit showing, the district city bank loan-deposit ratio failed to show its normal advance for the month, and at .614 at the end of January reached the lowest level since early 1965. Country bank loan expansion followed seasonal trends during January.

Total deposit outflow at all district banks was substantially above average during January and city banks absorbed most of this above seasonal loss.

9TH DISTRICT MEMBER BANK LOANS OUTSTANDING



9TH DISTRICT MEMBER BANK 'LIQUIDITY' RATIOS



The surprising element in city bank deposit behavior was that time deposits as well as demand deposits declined during the month. The January decline in time deposits is partly attributable to a sharp slowdown in the rate of inflow of savings certificates and other consumer-oriented time deposits.

In the agricultural sector, livestock feeding operations picked up significantly in the district during the fourth quarter of 1967. 956,000 cattle and calves were placed in district feed lots from October through December, representing an 11 percent increase over the previous year. This was 8 percentage points higher than the overall 3 percent increase that occurred in placements for the major 32 state feeding area. The largest increases occurred in Minnesota and South Dakota, where feedlot placements were up - presumably due to ample feed supplies - by 17 and 12 percent, respectively. A moderate increase of 6 percent was registered in Montana feed lots, while a 21 percent cut occurred in North Dakota. Overall, the January 1 inventory of cattle and calves on feed in the district, at 1,175,000 head, was up 3 percent from a year earlier.

District fed cattle marketings for the fourth quarter of 1967 were also relatively higher than were slaughter shipments from the 32 state feeding area. District marketings exceeded those of fourth quarter 1966 by 11 percent compared to a 4 percent increase for the feed belt area. District marketings for the January-March period, at 437,000 head, are expected to slightly exceed the first quarter marketings of 1967. The only significant increase in first quarter marketings is expected in Montana where a 20 percent gain is anticipated. A minimal 1 percent increase is expected in South Dakota, while first quarter decreases of 9 and 2 percent are anticipated in North Dakota and Minnesota, respectively. District marketings after March 31, of cattle now on feed, are expected to be 4 percent over that of the corresponding period of 1967.

EMPLOYMENT AND PRODUCTION INCREASE THROUGHOUT 1967

In the district's business sector, the year 1967 ended on an optimistic note. December data indicate that production continued to show increasing strength, employment advanced significantly, and the housing industry continued to show evidence of strong improvement.

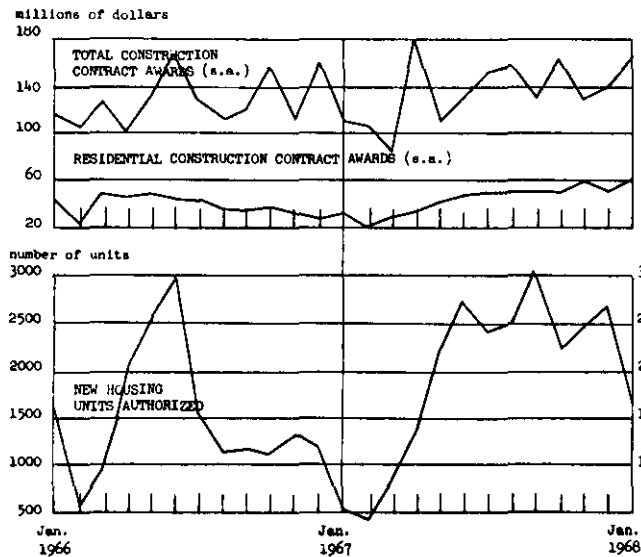
Based on the December data for electric power consumption and production worker man hours, total industrial production in the district advanced slightly in December to a level that was significantly above the 1966 level. The main impetus for the over-the-year advance in district production is largely attributable

to the rapid growth in the ordnance and machinery industries. However, the performance of these particular industries from November to December, was basically one of stability.

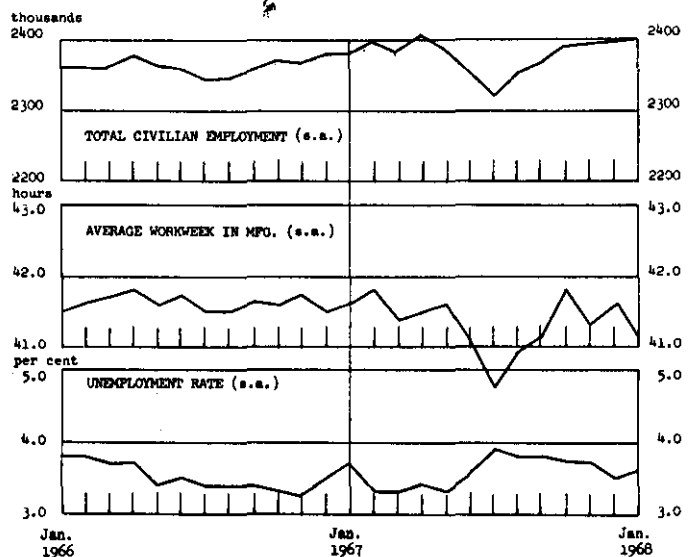
One of the most encouraging economic developments within the district during the past year was the significant growth in the civilian work force. The growth rate, which was very near the national average indicates that the rate of out-migration from this region was slowed to a considerable extent by the generally favorable economic conditions which have existed throughout the district. Wage and salary employment moved up strongly in December reflecting the settlement of several major strikes within the district. The district unemployment rate during December, at 3.6 percent (compared to 3.7 for the nation), was slightly higher than the November rate, but somewhat lower than the year earlier level.

Building permits during December reflected the generally improved conditions within the construction industry. Overall, total building permits issued in the district for new housing units advanced about 14 percent above the 1966 level. While the bulk of this increase was due to increased building of multiple family units, permits issued for single family units, alone, experienced an over-the-year increase of about 8 percent. Although housing improved substantially during 1967, overall conditions in the construction industry showed little change from the 1966 level as evidenced by the minimal change in construction industry employment.

9TH DISTRICT CONSTRUCTION



9TH DISTRICT MANPOWER UTILIZATION



NINTH DISTRICT' income and financial indicators

9th dist.
percent
change

item	unit	1966	1967				1968	DEC. to DEC.
		DECEMBER	JANUARY	OCTOBER	NOVEMBER	DECEMBER	JANUARY	
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION								
Total Personal Income ²								.
Nonagricultural Personal Income								.
Average Weekly Earnings in Manufacturing ³	Dollars,	118.19	117.94	120.44p	120.38e	122.01e		+ 3.2
Consumer Instalment Credit Outstanding ⁴	Million \$	1004	995	1091	1094	1097		+ 9.3
Time & Savings Deposits at Member Banks	Million \$	3600	3665	4154	4208	4228	4277	+17.4
Savings Balances at Savings & Loan Assoc. ²	Million \$	2844	2838	2998	3012	3052		+ 7.3
Cash Farm Receipts, Total ²	Million \$	347	369	458	440	319		- 8.1
Receipts from Crops	Million \$	140	151	191	194	126		-10.0
Receipts from Livestock & Produce	Million \$	207	218	267	246	193		- 6.8
MEASURES OF PRICE LEVELS								
Consumer Price Index ⁵	Index, sa			118.4				
Prices Received by Farmers ⁶	Index, sa	115	115	108	105	n.a.		
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷								
CITY BANKS⁸								
Adjusted Loans and Discounts ⁹	Million \$	1772	1742	1987	1980	2013	1968	+13.6
Real Estate Loans	Million \$	335	330	351	354	358	359	+ 6.9
Commercial and Industrial Loans	Million \$	820	830	969	974	968	941	+18.0
Total Investments	Million \$	676	688	785	795	788	877	+16.6
U.S. Government Obligations	Million \$	348	353	408	409	376	446	+ 8.0
Other Securities	Million \$	328	335	377	386	412	431	+25.6
Total Deposits	Million \$	2913	2809	3103	3098	3328	3203	+14.2
Gross Demand Deposits	Million \$	1814	1689	1795	1761	1999	1873	+10.2
Time Deposits	Million \$	1099	1120	1308	1337	1329	1330	+20.9
COUNTRY BANKS¹⁰								
Loans and Discounts	Million \$	2488	2491	2720	2738	2767	2770	+11.2
Total Investments	Million \$	1745	1742	1928	1968	1978	1977	+13.4
U.S. Government Securities	Million \$	1008	1000	1111	1132	1122	1114	+11.3
Other Securities	Million \$	737	742	817	836	856	863	+16.1
Total Deposits	Million \$	4449	4447	4872	4948	4981	4928	+12.0
Gross Demand Deposits	Million \$	1948	1901	2026	2076	2083	1981	+ 6.9
Time Deposits	Million \$	2501	2546	2846	2872	2898	2947	+15.9
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS								
Reserves:¹¹								
Total Reserves	Million \$	595	594	607	610	620	632	+ 4.2
Required Reserves	Million \$	573	573	589	592	602	616	+ 5.1
Excess Reserves	Million \$	22	21	17	18	18	16	-18.2
Borrowings from FRB	Million \$	3	14	1	1	3	2	0.0
Ratio of Loans to Total Deposits:⁷								
City Banks	Per Cent	62.5	63.7	64.6	64.5	61.7	62.9	- 1.3
Country Banks	Per Cent	55.9	56.0	55.8	55.3	55.6	52.6	- 0.5
Ratio of U.S. Gov't Securities to Deposits:⁷								
City Banks	Per Cent	11.9	12.6	13.1	13.2	11.3	13.9	- 5.0
Country Banks	Per Cent	22.7	22.5	22.8	22.9	22.5	22.6	- 0.9

UNITED STATES income and financial indicators

5

U.S.¹⁵
percent
change
DEC. to DEC.

	item	unit	1966	1967			1968
			DECEMBER	JANUARY	OCTOBER	NOVEMBER	DECEMBER
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION							
+ 7.1	Total Personal Income	Billion \$, saar	605.0	610.4	635.9	642.4	648.1p
+ 7.3	Nonagricultural Personal Income	Billion \$, saar	584.8	590.2	615.7	622.0	627.6p
+ 4.2	Average Weekly Earnings in Manufacturing	Dollars,	114.40	113.42	116.28	116.81	119.19p
+ 5.6	Consumer Instalment Credit Outstanding ⁴	Billion \$	32.2	32.0	33.7	33.8	34.0
+15.0	Time & Savings Deposits at Member Banks	Billion \$	128.9	132.6	147.2	148.0	148.2
+ 8.3	Savings Balances at Savings & Loan Assoc.	Billion \$	114.0	114.2	122.4	122.9	124.6p
- 2.6	Cash Farm Receipts, Total	Billion \$	3.9	3.6	4.9	4.6	3.8
0.0	Receipts from Crops	Billion \$	1.9	1.6	2.6	2.6	1.9
- 5.0	Receipts from Livestock & Produce	Billion \$	2.0	2.0	2.3	2.0	1.9
MEASURES OF PRICE LEVELS							
+ 3.1	Consumer Price Index	Index, sa	114.7	114.7	117.5	117.8	118.2
- 0.9	Prices Received by Farmers	Index, sa	106	105	104	103	105
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷							
CITY BANKS⁸							
+ 6.3	Adjusted Loans and Discounts ⁹	Billion \$	134.8	132.2	137.4	138.2	143.3
+ 5.4	Real Estate Loans	Billion \$	27.5	27.4	28.5	28.8	29.0
+ 8.7	Commercial and Industrial Loans	Billion \$	60.6	60.3	63.1	63.7	65.9
+20.0	Total Investments	Billion \$	51.5	52.0	61.7	61.5	61.8
+14.1	U.S. Government Obligations	Billion \$	24.8	24.9	28.7	28.4	28.3
+25.5	Other Securities	Billion \$	26.7	27.1	33.0	33.1	33.5
+11.9	Total Deposits	Billion \$	204.4	198.7	215.9	216.4	228.7
+ 9.5	Gross Demand Deposits	Billion \$	114.8	106.2	113.7	113.4	125.7
+15.0	Time Deposits	Billion \$	89.6	92.5	102.2	103.0	103.0
COUNTRY BANKS¹⁰							
+10.0	Loans and Discounts	Billion \$	44.9	44.8	48.6	48.8	49.4
+15.5	Total Investments	Billion \$	29.1	29.4	33.0	33.7	33.6
+10.1	U.S. Government Securities	Billion \$	16.8	16.9	18.3	18.7	18.5
+22.8	Other Securities	Billion \$	12.3	12.5	14.7	15.0	15.1
+11.7	Total Deposits	Billion \$	78.9	78.7	85.7	86.3	88.1
+ 8.3	Gross Demand Deposits	Billion \$	39.6	38.7	40.7	41.3	42.9
+15.0	Time Deposits	Billion \$	39.3	40.0	45.0	45.0	45.2
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS							
<u>Reserves:¹¹</u>							
+ 5.1	Total Reserves	Million \$	23,885	24,144	24,665	24,683	25,111p
+ 5.3	Required Reserves	Million \$	23,540	23,743	24,324	24,320	24,780p
- 4.1	Excess Reserves	Million \$	345	401	341	363	331p
-65.5	Borrowings from FRB	Million \$	536	416	129	135	185p
<u>Ratio of Loans to Total Deposits:⁷</u>							
- 2.1	City Banks	Per Cent	65.9	68.2	65.4	65.5	64.5
- 1.6	Country Banks	Per Cent	56.9	56.9	56.7	56.5	56.0
<u>Ratio of U.S. Gov't Securities to Deposits:⁷</u>							
+ 2.5	City Banks	Per Cent	12.1	12.5	13.3	13.1	12.4
- 1.4	Country Banks	Per Cent	21.3	21.5	21.4	21.7	21.0

6 NINTH DISTRICT¹ production and employment indicators

9th dist
percent
change

item	unit	1966	1967				1968	DEC. to DEC.
		DECEMBER	JANUARY	OCTOBER	NOVEMBER	DECEMBER	JANUARY	
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
Total Industrial Production:								
Manufacturing							*	
Mining							*	
Utilities							*	
Electrical Energy Consumption: Mfg. & Mining	Index, sa	197	198	211	215	219	+ 11.2	
Manufacturing	Index, sa	184	184	194	197	202.	+ 9.8	
Mining	Index, sa	255	261	292	300	301	+ 17.6	
Production Worker Manhours: Mfg. & Mining	Index, sa	119	119	114	117p	n.a.		
Manufacturing	Index, sa	124	125	122	126p	n.a.		
Mining	Index, sa	91	91	78	75p	n.a.		
Total Construction Contracts Awarded	Million \$, sa	107.2	102.4	121.3	160.8	164.4	+ 53.4	
Residential Buildings	Million \$, sa	30.5	19.4	57.2	49.8	63.7	+102.2	
Nonresidential Buildings	Million \$, sa	43.5	65.5	35.0	53.9	47.5	+ 9.2	
All Other Construction	Million \$, sa	33.2	17.5	29.1	57.1	53.2	+ 55.5	
Bldg. Permits: New Housing Units ¹²	Number	536	404	2436	2694	1623	+202.8	
MEASURES OF MANPOWER UTILIZATION³								
Civilian Work Force								
Total Civilian Employment	Thousands, sa	2478	2483	2482	2466	2507	+ 1.2	
Number Unemployed	Thousands, sa	92	82	93	88p	89p	- 3.3	
Unemployment Rate	Per Cent, sa	3.7	3.3	3.7	3.5p	3.6p	- 2.7	
Average Weekly Hours in Manufacturing	Hours, sa	41.6	41.8	41.2p	41.6e	41.2e	- 1.0	
EMPLOYMENT BY INDUSTRY SECTOR³								
Wage and Salary Employment, Nonfarm								
Manufacturing	Thousands, sa	1731	1749	1757	1767p	1777p	+ 2.7	
Mining	Thousands, sa	353	357	346	351p	359p	+ 1.7	
Mining	Thousands, sa	35	35	30	30p	29p	- 17.2	
Construction	Thousands, sa	96	100	97 ^p	99p	101p	+ 5.2	
Transport., Comm., & Public Utilities	Thousands, sa	129	130	129	129p	129p	0.0	
Trade	Thousands, sa	419	426	428	429p	428p	+ 2.1	
Finance, Insurance & Real Estate	Thousands, sa	77	77	79	79p	79p	+ 2.6	
Service Industries	Thousands, sa	262	262	273	274p	276p	+ 5.3	
Government	Thousands, sa	360	362	375	376p	376p	+ 4.4	
Number of Workers on Farms	Thousands, sa	384	380	367	375p	370p	- 3.6	
MEASURES OF SPENDING								
Total Retail Sales								
Durable Goods	Million \$, sa	873	851	874	961p	n.a.	*	
Nondurable Goods	Million \$, sa	583	560	595	672p	n.a.		
GAF ¹³	Million \$, sa	177	167	174	179p	n.a.		
New Passenger Car Registrations	Thousands, sa	21.8	17.2	19.1	18.8	n.a.		
Bank Debits ¹⁴	Billion \$, saar	99.0	95.2	99.2	106.7	105.6	+ 6.7	

UNITED STATES production and employment indicators

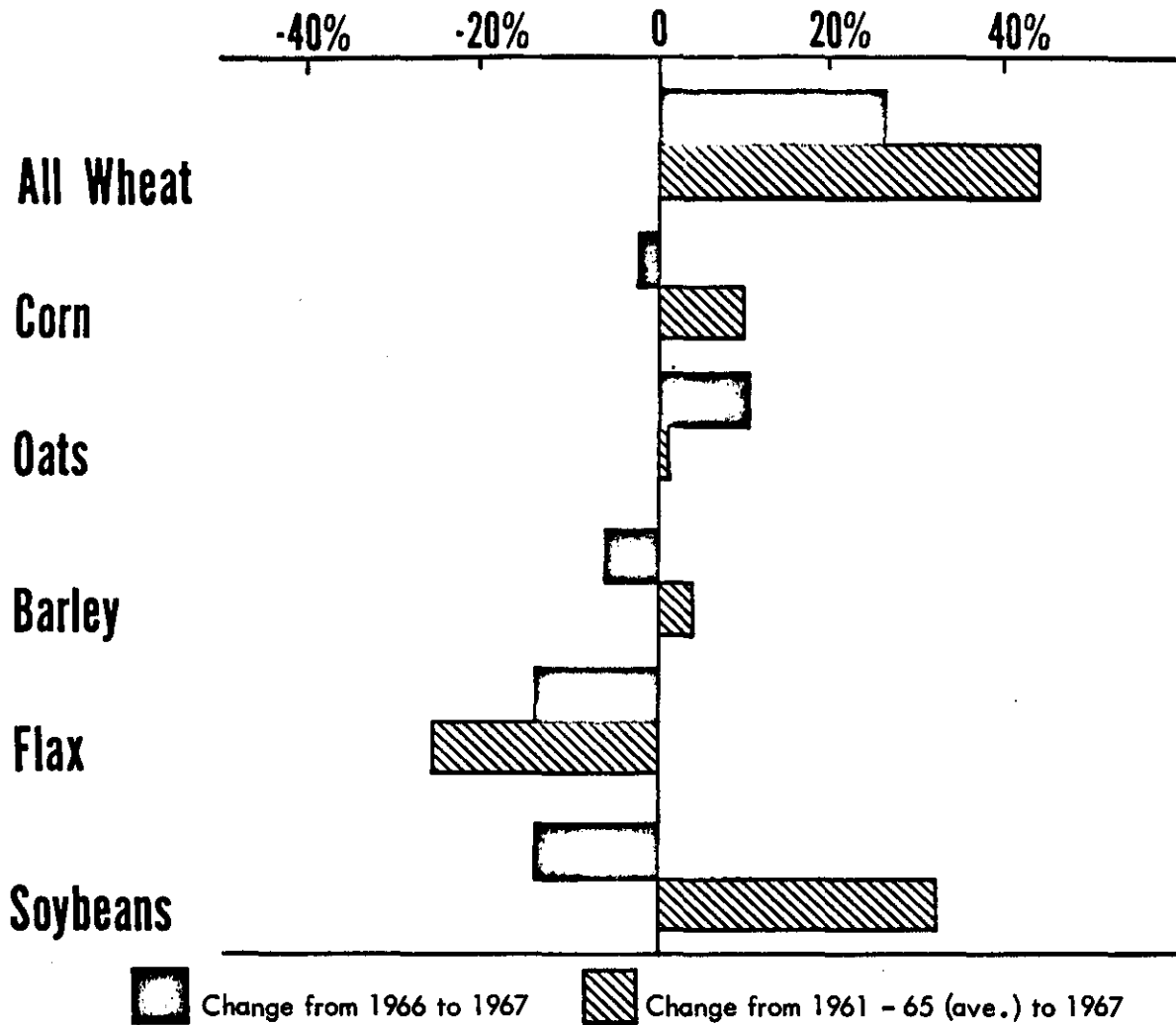
7

U.S.¹⁵
percent
change
DEC. to DEC.

	item	unit	1966	1967				1968
			DECEMBER	JANUARY	OCTOBER	NOVEMBER	DECEMBER	JANUARY
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
+ 1.2	Total Industrial Production:	Index, sa	160	158	157	159	162p	
+ 1.2	Manufacturing	Index, sa	162	160	158	161	164p	
0.0	Mining	Index, sa	124	123	121	124	124p	
+ 5.0	Utilities	Index, sa	179	181	188	188	188p	
*	Electrical Energy Consumption: Mfg. & Mining							
*	Manufacturing							
*	Mining							
	Production Worker Manhours: Mfg. & Mining	Index, sa	115	117	115p	114p	n.a.	
	Manufacturing	Index, sa	118	120	118p	118p	n.a.	
	Mining	Index, sa	83	85	77p	79p	n.a.	
+26.5	Total Construction Contracts Awarded	Million \$, sa	3819.5	3624.4	4918.7	4811.2	4831.8	
+55.2	Residential Buildings	Million \$, sa	1167.9	1299.0	1868.1	1885.0	1812.6	
+14.2	Nonresidential Buildings	Million \$, sa	1609.8	1395.2	1752.4	1815.7	1838.9	
+13.3	All Other Construction	Million \$, sa	1041.8	930.2	1298.2	1110.5	1180.3	
+65.0	Bldg. Permits: New Housing Units ¹²	Thousands	50.8	57.1	106.4	95.7	83.8p	
MEASURES OF MANPOWER UTILIZATION								
+ 2.4	Civilian Work Force	Thousands, sa	76,764	77,087	77,997	78,106	78,582	
+ 2.4	Total Civilian Employment	Thousands, sa	73,893	74,255	74,630	75,083	75,681	
+ 1.0	Number Unemployed	Thousands, sa	2,871	2,832	3,367	3,023	2,901	
0.0	Unemployment Rate	Per Cent, sa	3.7	3.7	4.3	3.9	3.7p	
- 0.5	Average Weekly Hours in Manufacturing	Hours, sa	41.0	41.0	40.7	40.7	40.8p	
EMPLOYMENT BY INDUSTRY SECTOR								
+ 2.9	Wage and Salary Employment, Nonfarm	Thousands, sa	65,251	65,564	66,243	66,929	67,128p	
- 0.3	Manufacturing	Thousands, sa	19,526	19,558	19,169	19,418	19,469p	
- 4.2	Mining	Thousands, sa	623	625	597	597	597p	
+ 1.8	Construction	Thousands, sa	3,291	3,311	3,236	3,299	3,350p	
+ 1.7	Transport., Comm., & Public Utilities	Thousands, sa	4,218	4,242	4,251	4,288	4,289p	
+ 3.7	Trade	Thousands, sa	13,416	13,515	13,776	13,909	13,910p	
+ 5.0	Finance, Insurance & Real Estate	Thousands, sa	3,144	3,152	3,270	3,290	3,302p	
+ 5.7	Service Industries	Thousands, sa	9,781	9,840	10,199	10,301	10,335p	
+ 5.5	Government	Thousands, sa	11,252	11,321	11,745	11,827	11,876p	
+ 6.3	Number of Workers on Farms	Thousands, sa	4,011	4,015	3,707	3,829	4,264	
MEASURES OF SPENDING								
+ 3.8	Total Retail Sales	Million \$, sa	25,368	25,687	26,089	26,467p	26,343e	
+ 2.0	Durable Goods	Million \$, sa	8,156	8,200	8,235	8,256p	8,316e	
+ 4.7	Nondurable Goods	Million \$, sa	17,212	17,487	17,854	18,211p	18,027e	
	GAF ¹³	Million \$, sa	5,967	6,245	6,328	6,450p	n.a.	
	New Passenger Car Registrations	Thousands, sa	726.8	679.7	716.6	645.3	n.a.	
+10.4	Bank Debits ¹⁴	Billion \$, saar	2156.8	2199.6	2352.9	2339.1	2381.9	

NINTH DISTRICT CROP PRODUCTION

Percentage Change



Total Bushels Produced - 1967

	<u>WHEAT</u>	<u>CORN</u>	<u>OATS</u>	<u>BARLEY</u>	<u>FLAX</u>	<u>SOYBEANS</u>
MINNESOTA	33,795	355,896	157,232	34,638	3,783	70,024
NORTH DAKOTA	176,828	4,914	61,272	85,824	9,272	3,688
SOUTH DAKOTA	73,061	93,024	109,600	13,079	6,591	6,105
MONTANA	118,136	476	5,180	37,022	48	0
DISTRICT	402,820	454,310	333,284	170,563	19,694	79,817

SOURCE: Crop Production, Dec. 1967, USDA Statistical Reporting Service
 NOTE: Additional sources used in Vol. II, No. 2 See Vol. II, No. 1